

HOUSE BILL REPORT

HB 2299

As Reported by House Committee On: Capital Budget

Title: An act relating to state general obligation bonds and related accounts.

Brief Description: Issuing general obligation bonds.

Sponsors: Representatives Dunshee and Jarrett; by request of Office of Financial Management.

Brief History:

Committee Activity:

Capital Budget: 4/13/05 [DPS].

Brief Summary of Substitute Bill

- Authorizes issuance of general obligation bonds to support appropriations in the 2005 Supplemental and 2005-07 Capital Budget.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Jarrett, Ranking Minority Member; Hankins, Assistant Ranking Minority Member; Blake, Chase, Cox, DeBolt, Eickmeyer, Ericks, Ericksen, Flannigan, Green, Hasegawa, Kretz, Lantz, McCune, Moeller, Morrell, Newhouse, O'Brien, Roach, Schual-Berke, Serben, Springer, Strow and Upthegrove.

Minority Report: Do not pass. Signed by 2 members: Representatives Holmquist and Kristiansen.

Staff: Susan Howson (786-7142).

Background:

The State of Washington periodically issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt

service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the State General Fund and deposits them into the bond retirement funds.

The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds.

Summary of Substitute Bill:

The State Finance Committee is authorized to issue state general obligation bonds to finance \$1.3 billion in projects in the 2005 Supplemental and 2005-07 Capital Budget. This amount also includes \$30 million for a possible supplemental budget for emergency projects in 2006.

The State Treasurer is required to withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds and to deposit these amounts into the Bond Retirement Account.

Substitute Bill Compared to Original Bill:

The substitute bill makes changes to the Governor's proposed bond authorization bill.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: None.

Testimony Against: None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.